

Financial Management User Group
Minutes
May 23, 2007

Chief Accountants in Attendance

Lorie Blundy	Gena Hyde	Kim Stephen
Al Christian	Preston Ilg	Doug Spitzley
Mike Draschil	Raj Mehta	Anita Wooton
Joe Frick	Lyle Ross	Penny Wright
Palmer Giron	Corey Sparks	Deb Wroubel
Russ Hecko	Patricia Schrauben	Rose Zuker

Others

Atul Afre	Lisa Fath	Tim Martin	Suzie Nichols
Beth Ball	Ron Foss	Patrick McCarthy	Edward Nierescher
Cindy Bloomer	Marge Fuller	Paul McDonald	Kathy Pietila
Jill Bronkan	Deb Gillis	Angela McNulty	David Quigley
Eileen Bur	Rachel Green	Ruth Mealy	Doug Ringler
Angela Burgtorf	Chris Holly	Laura Mester	Sandy Theisen
Marilyn Carey	Kelly Hopton	Neil Miros	Cheri Thompson
Brian Curran	Jackie Huhn	Cathy Morse	Arlene Wittenberg
Linda Debourbon	Mary Jo Letner	Peggy Murphy	Peter Woodford

Opening Remarks

Laura Mester, Chair, opened the meeting at 1:00 p.m. and welcomed Ms. Jackie Huhn of DMB Financial Services to the meeting for the first time.

The next meeting is scheduled for July 26; however, it is possible the meeting may be cancelled due to summer vacations or other scheduling conflicts. The group will be informed if the decision is made to cancel.

Budget Update

The Budget (OSB) update was given by Cathy Morse

The focus has been on FY2007; there was very little discussion on FY2008.

Meetings have been scheduled with the department directors and OSB Director Bob Emerson to discuss shutdown plans. Are departments prepared if that happens? DMB and DIT would be the last because the impact to them is determined by what happens statewide.

Transfers are in the House and then will go to the Senate. Agencies can approach legislative committees to get transfers through faster. If an agency needs a transfer before spring, or a year-end transfer, discuss with the department budget analyst. Once OSB sends the transfers to the Legislature, it helps move things along faster when the departments get involved.

OSB requested electronic budget adjustments be submitted to do the restricted funding distribution for Defined Benefit Retirement savings.

There are instructions for departments to take DIT reductions. Some departments have not submitted a plan. Cathy is willing to discuss and answer questions.

OSB is receiving calls from the House and Fiscal Agencies and the Governor's Office on departmental historical data, including General Fund expenditures, gross expenditures, appropriations, head count, and employees. The Budget Office has that information back to 1963 for anyone that may need to see it.

Treasury Update

The Treasury update was given by Eileen Bur.

1. PCI

- Continuing to work with agencies on responses to PCI questionnaire (related to credit card security requirements). The goal is to be PCI compliant statewide by September 30.

1. MIITAS Project

- Treasury project called Michigan Integrated Tax System or MIITAS.
- The project has been paused due to resource constraints.
- We intend to go back to it once the new business tax is in place.

4. Warrants: Special Handling and Warrant Pulls

- New form is being designed that agencies will complete for special handling of warrants.
- Kathy Young and Max Harrison of Treasury's Receipts Processing Division need to be copied on warrant pull requests for cancellation that are sent to DMB, Mailing Services.

1. Warrants: Protecting sensitive warrant information

- Meeting with DMB May 31 to discuss.
- Treasury continues to work on this.

2. Change in Staffing in Receipts Processing Division

- Brenda Frezell has left for Law School. Position won't be filled in near future.
- Julie DiOrio promoted to Manager, Revenue Accounting Unit, replacing D. McAllister.
- Depository Services managerial vacancy will not be filled in near future.
- Credit Card Coordinator - Jenny Hunt is now Jenny Ruttman.

3. RAUG Subcommittee Update:

- Treasury has added to our Intranet page the meeting schedule and minutes of these meetings. Please see the following web address:
<http://connect.michigan.gov/portal/site/treasury/menuitem.6fbb47b6c302da383f7eb8b752b890a0/> (look under "Other Helpful Information")
- March meeting included discussion with Mike Reynolds, Collections Division. Administrator, regarding debt referrals and reporting.
- Meetings will conclude in August.

4. Affidavit to Claim an Uncashed Check: Form 4477

- New form for agency initiated follow-up of uncashed warrants.
- Created at request of DLEG.
- Available on Treasury Intranet (same as previous link)
- Created in PDF fillable format, so information can be typed into form.

- Can be used by agencies to follow up on warrants under the threshold that will not be escheated. Or, any time throughout the year that an agency needs to follow up on uncashed warrants.

5. Revised Stop Payment Affidavit:

- On Treasury Intranet at:
http://connect.michigan.gov/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/Treasury/Inside_Treasury/Working_With_Treas/Receipts_Processing/Fo rms/1364.pdf.
- Form revised to make more agency-friendly in Agency Use Box.
- Discourage the use of all the digits in a Social Security or FEIN number.
- Created form so information can be typed directly into form.

6. Wire Transfers (outgoing):

- Function moved to Receipts Processing, Banking & Disbursements Unit.
- Revising wire transfer procedures for change in organization structure and changes in JPM Chase software process. Procedures will be included in the FMG.
- Revising wire transfer form, some agencies will be asked for input.
- Need better standardization within the process.
- Will enhance internal controls over this process.

7. Escheats:

- Pre-escheat cancellation requests are due to Kathy Young by August 10, 2007

8. CEPAS:

a. Pay Point Consumer Payments (two handouts).

- Demonstration was provided to agencies April 30.
- New option from First Data Government Solutions (FDGS).
- A web template that can be modified for agency needs & allows screen modification.
- Benefits agencies so they can accept web payments without the complete design of a web page. Also IVR.
- Treasury and DIT will need to add to contract.
- If more than three state agencies are interested; Treasury will review applications with FDGS and select those that best meet the pricing options presented and goals that FDGS wishes to meet through their price discount offer.
- We do take on some risk by being one of FDGS' first customers to use this new product; however the price discount for the life of the contract should offset that. Additionally any problems should be short term in nature.

b. STAR Bill Payment– Pinless Debits (handout)

- Demonstration provided to largest credit card agencies.
- Lower cost option than credit cards.
- Immediate confirmation of good funds, no NSF returns.
- Must be able to authenticate customer; cannot use for one time sales.
- Awaiting some statistics from STAR to make projections for Michigan.
- Would need to add 1 – 3 debit/ATM networks to our FDGS contract.
- Consumer payments (not a corporate payment tool).
- Feedback from interested agencies to Treasury by May 31.
- Treasury will work with DIT to add to contract.

Amy Kelso would like to hear from the credit card coordinators if they are interested in either option. There was no interest within the FMUG to view a demonstration. Please e-mail Pam Beam at beamp@michigan.gov for a copy of these handouts.

Roundtable Discussion

1. Dave Quigley presented and discussed the following:

a. Procurement Card

Executive Orders 2007-10, 17, and 18 led to the restriction of 165 merchant class codes on the Procurement Card. So far this year, we are trending down 13 percent compared to last year. Departments are now required to use a log to ensure purchases are approved in advance. Essential supplies required to support state business do not necessarily need to be approved.

b. AP Audit Recovery

DMB Purchasing began working on an Accounts Payable audit as part of the CGI contract. There is an element in the CGI contract to analyze payments issued where the amounts were in excess of what they were intended. Industry analysis indicates that 0.3% to 0.8% of payments are overages/duplicates. We are using the services of CGI to monitor payment histories and look for duplicate payments to find and collect these amounts from vendors. A log with this information will be kept and updated; Dave's staff will make available to chief accountants their ongoing payment history review and results.

There was a question and discussion period.

c. Cost Control Reports

Dave sent the cost control reports to CFOs and Chief Accountants. He explained what is included on the reports and talked about using object code 6137. Two comments were that object codes are a real challenge and the information that appears on the report can be misinterpreted as something else without a proper understanding of the detail.

1. 2007 Year-End Closing Schedule: Lisa Fath

The schedule for 2007 will be comparable to 2006 and issued May 31. The expectation is that the CAFR will be issued in December 2007. Contact Lisa as soon as possible if you are unclear about an item in the Closing Schedule.

2. MIDB Space Usage and Retention: Laura Mester

After discussion at the CFO meeting, we are proposing a five-fiscal-year retention for MIDB. The Official Books of Record also have this data. They will be working with Neil Miros to find another retrievable method of providing the information in a less costly manner. The reaction of the group was that they feel the information is still needed. OFM will meet with each department to determine what the reporting needs are and the alternatives available.

3. Executive Directives – Delaying Payments: Laura Mester

Departments are asked to delay payments as long as legally possible, without paying penalties or additional fees. We are in a crisis with regard to cash management and our common cash pool is very low. There were some concerns expressed that will be shared with management.

4. Ron Foss, DMB Financial Services, is scheduling a meeting to discuss best practices on financial reporting improvements. If you would like to attend, contact Doreen Brown at brownd1@michigan.gov or fossr@michigan.gov, for information about the meeting.

OFM Division Updates

Support Services Division - Doug Ringler Reporting

- SSD is putting together a Tip & Technique regarding the timing of payments.
- EFTs: Improvements are being made to the contract and payment express website. Hoping to be more responsive to vendors' issues. Doing away with financial institution sign-off and would like to have an electronic form available to vendors.
- After June 30, we will offer statewide training on fraud prevention.
- The Internal Control Evaluation Process found 28 material weaknesses to date and four departments have yet to provide a report. OFM will develop an action plan to help agencies improve their processes.
- Changes were made relative to handling payment information. We established user class 34 for that purpose and have limited the number of people to have access.

Payroll and Tax Reporting Division – Ruth Mealy Reporting

- Monitoring the total statewide savings being achieved from the Defined Benefit Retirement rate changes.
- Encouraged communication with HR offices that unclassified appointments fall under executive directives and require a review for exemption.
- Monitoring the freeze on pay rate increases and performance pay awards for Group Four. You may contact Ruth or your payroll liaison first since we have the ability to monitor within the payroll cycle.
- Union notifications were distributed to employees. The coding is being tested for temporary layoff days.
- Year-End Closing Schedule: we try to match the detail in the FMG schedule with the overall schedule but for assurance use the Closing Schedule as a guide for dates.
- Moving forward with the payroll archive and purge.
- Will not run HRMN batch cycle on Memorial Day.
- The payroll cycle that runs during July 4th week will be accelerated.

Accounting and Financial Reporting Division – Laura Mester Reporting

- Gearing up for the archive and purge of MAIN FACS information. Profile rollover is June 28.
- Getting ready for financial table rollover. October 1st is on a weekend; therefore the system will be down early on Friday and will not be available Saturday.
- Completed the General Fund fund balance reconciliation with restricted revenue carry-forwards. As a result, we are reevaluating our write-off FMG procedure.
- General Ledger balance cleanup is needed. Asking agencies to look at old balance sheet GLs.

The meeting was adjourned at 2:50 p.m.